

“(C) to assist local educational agencies in identifying interventions, and instructional materials, programs and approaches, based on scientifically based reading research, including early intervention and classroom reading materials and remedial programs and approaches.

“(3) An assurance that the State, and local educational agencies in the State, will participate in all national evaluations under this subpart.

“(c) APPROVAL OF APPLICATIONS.—

“(1) IN GENERAL.—The Secretary, in consultation with the peer review panel convened under paragraph (2), shall approve an application of a State under this section if such application meets the requirements of this section.

“(2) PEER REVIEW.—

“(A) IN GENERAL.—The Secretary, in consultation with the National Institute for Literacy, shall convene a panel to evaluate applications under this section. At a minimum, the panel shall include—

“(i) 3 individuals selected by the Secretary;

“(ii) 3 individuals selected by the National Institute for Literacy;

“(iii) 3 individuals selected by the National Research Council of the National Academy of Sciences; and

“(iv) 3 individuals selected by the National Institute of Child Health and Human Development.

“(B) EXPERTS.—The panel shall include experts who are competent, by virtue of their training, expertise, or experience, to evaluate applications under this section, and experts who provide professional development to teachers of reading to children and adults, and experts who provide professional development to other instructional staff, based on scientifically based reading research.

“(C) RECOMMENDATIONS.—The panel shall recommend grant applications from States under this section to the Secretary for funding or for disapproval.

“(d) READING AND LITERACY PARTNERSHIPS.—

“(1) IN GENERAL.—In order for a State to receive a grant under section 1203, the Governor of the State, in consultation with the State educational agency, shall establish a reading and literacy partnership.

“(2) REQUIRED PARTICIPANTS.—The reading and literacy partnership shall include the following participants:

“(A) The Governor of the State.

“(B) The chief State school officer.

“(C) The chairman and the ranking member of each committee of the State legislature that is responsible for education policy.

“(D) A representative, selected jointly by the Governor and the chief State school officer, of at least one local educational agency that is eligible to receive a subgrant under section 1203.

“(E) A representative, selected jointly by the Governor and the chief State school officer, of a community-based organization working with children to improve their reading skills, particularly a community-based organization using tutors and scientifically based reading research.

“(F) State directors of appropriate Federal or State programs with a strong reading component.

“(G) A parent of a public or private school student or a parent who educates their child or children in their home, selected jointly by the Governor and the chief State school officer.

“(H) A teacher, who may be a special education teacher, who successfully teaches reading and an instructional staff member, selected jointly by the Governor and the chief State school officer.

“(I) A family literacy service provider selected jointly by the Governor and the chief state school officer.

“(3) OPTIONAL PARTICIPANTS.—The reading and literacy partnership may include additional participants, who shall be selected jointly by the Governor and the chief State school officer, and who may include a representative of—

“(A) an institution of higher education operating a program of teacher preparation based on scientifically based reading research in the State;

“(B) a local educational agency;

“(C) a private nonprofit or for-profit eligible professional development provider providing instruction based on scientifically based reading research;

“(D) an adult education provider;

“(E) a volunteer organization that is involved in reading programs; or

“(F) a school library or a public library that offers reading or literacy programs for children or families.

“SEC. 1205. DISCRETIONARY GRANTS TO STATES.

“(a) IN GENERAL.—In the case of a State that, in accordance with sections 1203 and 1204, has received approval of an application for a 5-year formula grant, the Secretary may make additional 2-year discretionary grants to the State for the use specified in (d). For each fiscal year, the funds provided under the discretionary grant shall equal the allotment determined for the State under subsection (b).

“(b) DETERMINATION OF AMOUNT OF ALLOTMENTS.—From the total amount made available under section 1002(b)(1) to carry out this subpart for a fiscal year and not reserved under paragraph (1), the Secretary, upon the recommendation of the peer review panel convened under section 1204(c)(2), shall allot 20 percent under this section among the States described in subsection (a)—

“(1) for fiscal years 2002 and 2003, based upon a determination of such States' relative likelihood of effectively implementing a program under this subpart; and

“(2) for fiscal year 2004 and subsequent fiscal years, based upon such States' applications under subsection (c).

“(c) STATE DISCRETIONARY GRANT APPLICATIONS.—

“(1) IN GENERAL.—A State that desires to receive a grant under this section for a grant period that includes any fiscal year after fiscal year 2003 shall submit the information described in paragraph (3) to the Secretary at such time and in such form as the Secretary may require.

“(2) PEER REVIEW.—The peer review panel convened under section 1204(c)(2) shall review the information submitted under this subsection. The panel shall recommend such applications to the Secretary for funding or for disapproval.

“(3) INFORMATION.—The information described in this paragraph is the following:

“(A) An assurance that the State will award competitive subgrants to local educational agencies consistent with subsection (d)(4).

“(B) An assurance that the State will ensure that local educational agencies that receive a subgrant under subsection (d) use the funds provided under the subgrant in accordance with subsection (d)(5).

“(C) Evidence that the State has increased significantly the percentage of students reading at grade level or above.

“(D) Evidence that the State has been successful in increasing the percentage of students in ethnic, racial, and low-income populations who are reading at grade level or above.

“(E) Any additional evidence that demonstrates success in the implementation of this subpart.

“(d) SUBGRANTS TO LOCAL EDUCATIONAL AGENCIES.—

“(1) IN GENERAL.—The Secretary may make a grant to a State under this section only if the State agrees to expend 100 percent of the amount of the funds provided under the grant for the purpose of making competitive subgrants in accordance with this subsection to local educational agencies.

“(2) NOTICE.—A State receiving a grant under this section shall provide notice to all local educational agencies in the State of the availability of competitive subgrants under this subsection

and of the requirements for applying for the subgrants.

“(3) APPLICATION.—To be eligible to receive a subgrant under this subsection, a local educational agency shall submit an application to the State at such time, in such manner, and containing such information as the State may reasonably require.

“(4) DISTRIBUTION.—

“(A) IN GENERAL.—A State shall distribute subgrants under this section through a competitive process based on relative need and the evidence described in this paragraph.

“(B) EVIDENCE USED IN ALL YEARS.—For all fiscal years, a State shall distribute subgrants under this section based on evidence that a local educational agency—

“(i) satisfies the requirements of section 1203(c)(4);

“(ii) will carry out its obligations under this subpart, particularly paragraph (5); and

“(iii) will work with other local educational agencies in the State that have not received a subgrant under this subsection to assist such non-receiving agencies in increasing the reading achievement of students.

“(C) EVIDENCE USED IN FISCAL YEARS AFTER 2003.—For fiscal year 2004 and subsequent fiscal years, a State shall distribute subgrants under this section based on the evidence described in subparagraph (B) and, in addition, evidence that a local educational agency—

“(i) has significantly increased the percentage of all students reading at grade level or above;

“(ii) has significantly increased the percentage of students in ethnic, racial, and low-income populations who are reading at grade level or above; and

“(iii) has demonstrated success in the implementation of this subpart.

“(5) LOCAL USES OF FUNDS.—A local educational agency that receives a subgrant under this subsection—

“(A) shall use the funds provided under the subgrant to carry out the activities described in section 1203(c)(7)(A); and

“(B) may use such funds to carry out the activities described in section 1203(c)(7)(B).

“(e) DEFINITION.—For purposes of this section, the term ‘State’ means each of the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico.

“SEC. 1206. EXTERNAL EVALUATION.

“(a) IN GENERAL.—From funds reserved under section 1203(b)(1)(C), the Secretary shall contract with an independent outside organization for a 5-year, rigorous, scientifically valid, quantitative evaluation of this subpart.

“(b) PROCESS.—Such evaluation shall be conducted by an organization outside of the Department that is capable of designing and carrying out an independent evaluation that identifies the effects of specific activities carried out by States and local educational agencies under this subpart on improving reading instruction. Such evaluation shall use only data relating to students served under this subpart and shall take into account factors influencing student performance that are not controlled by teachers or education administrators.

“(c) ANALYSIS.—Such evaluation shall include the following:

“(1) An analysis of the relationship between each of the essential components of reading instruction and overall reading proficiency.

“(2) An analysis of whether assessment tools used by States and local educational agencies measure the essential components of reading instruction.

“(3) An analysis of how State reading standards correlate with the essential components of reading instruction.

“(4) An analysis of whether the receipt of a discretionary grant under section 1205 results in an increase in the number of children who read proficiently.

“(5) A measurement of the extent to which specific instructional materials improve reading proficiency.